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9 Attorneys for  
PETRO-CANADA AMERICA LUBRICANTS, INC.

10 UNITED STATES DISTRICT COURT  
11 NORTHERN DISTRICT OF CALIFORNIA  
12

13 IN RE:  
14 PG&E CORPORATION,  
15 - AND -  
16 PACIFIC GAS AND ELECTRIC  
17 COMPANY,  
18 DEBTORS.

Bankruptcy Case No. 19-30088 (DM)

CHAPTER 11

(Lead Case) (Jointly Administered)

**RESPONSE IN OPPOSITION TO  
DEBTORS' FIRST OMNIBUS  
REPORT AND OBJECTION TO  
CLAIMS ASSERTED PURSUANT TO  
11 U.S.C. § 503(B)(9)**

Date: August 14, 2019

Time: 9:30 a.m.

Place: United States Bankruptcy Court  
Courtroom 17, 16th Floor  
San Francisco, CA 94102

22  
23 Petro-Canada America Lubricants, Inc. ("PCLI"), a creditor in the above-  
24 referenced bankruptcy case, hereby submits its Response to the Debtors' First  
25 Omnibus Report and Objection to Claims Asserted pursuant to 11 U.S.C. §  
26 503(b)(9) [Docket No. 2896] (the "Objection"). In support of the Objection, PCLI  
27 submits the Declaration of Michael Gluck (the "Declaration"), filed  
28 contemporaneously with this Response.

1   **I.    BACKGROUND**

2           On January 29, 2019 (the “Petition Date”), the Debtors commenced with the  
3   Court voluntary cases under chapter 11 of the Bankruptcy Code. The Debtors  
4   continue to operate their businesses and manage their properties as debtors in  
5   possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No  
6   chapter 11 trustee or examiner has been appointed in either of the Chapter 11  
7   Cases. The Debtors’ Chapter 11 Cases are being jointly administered for  
8   procedural purposes only pursuant to Bankruptcy Rule 1015(b).

9           On April 18, 2019, PCLI filed its Proof of 503(b)(9) Claim (the “Claim”) in  
10   the amount of \$34,268.28 for automobile lubricants and other goods delivered to  
11   the Debtors within the twenty (20) day period preceding the Petition Date. PCLI  
12   included invoices that substantiated the Claim. PCLI further reserved the right to  
13   amend its Claim.

14           On July 8, 2019, the Debtors filed the Objection, and included the Claim,  
15   identified as Claim Number 2505, as one of the claims that the Debtors were  
16   objecting to, for the following stated reasons:

- 17           •       Claim partially disallowed and expunged because claim amount  
18                   asserted includes (i) amounts paid as ordinary course postpetition  
19                   liability; and (ii) amounts which do not match the Debtors’ books and  
20                   records; and
- 21           •       Claim partially reclassified as general unsecured claim because claim  
22                   amount asserted includes amounts for freight and/or taxes.

23   Of the original Claim amount, the Debtors seek a proposed Section 503(b)(9)  
24   amount of \$1,244.18, a proposed reclassified general unsecured amount of  
25   \$125.78, and the remaining amount of \$32,898.32 as disallowed and expunged.

26           After reviewing the Objection, PCLI reviewed the invoices included in its  
27   Claim and the applicable payment processing systems and discovered that some of  
28   the invoices included in the Claim were subsequently paid, as stated by the Debtors

1 as paid as ordinary course postpetition liability. PCLI now has six (6) unpaid  
2 invoices for goods delivered during the twenty (20) day period preceding the  
3 Petition Date. The unpaid invoices total \$11,427.89. The Declaration includes as  
4 attachments the applicable unpaid invoices.

## 5 **II. RESPONSE IN OPPOSITION TO OBJECTION**

6 As stated above, PCLI conducted a review of its billing system and unpaid  
7 invoices and determined that the Debtors still owe PCLI \$11,427.89 pursuant to 11  
8 U.S.C. § 503(b)(9).

9 PCLI agrees with the Debtors' stated reason in the Objection that some of  
10 the invoices in the Claim were paid as ordinary course postpetition liability, and  
11 thus the Claim amount is reduced from \$32,898.32 to \$11,427.89. However, the  
12 Debtors do not provide any evidence that substantiates the remaining stated  
13 reasons for the objection to the Claim. The invoices were submitted as is typically  
14 done through the Debtors' invoice processing system. The Declaration provides  
15 further support that the goods were delivered pursuant to the six (6) invoices, and  
16 remain unpaid. The Debtors have not satisfied their burden to have the \$11,427.89  
17 portion of the Claim disallowed and expunged.

18 Further, the Debtors do not identify any amount objected in the Claim that is  
19 associated with freight and/or taxes. Nor do the Debtors provide any support from  
20 court decisions in the Ninth Circuit that disallow claims for goods that include  
21 freight and/or taxes. Instead, any such freight and/or tax charges are necessary for  
22 the purchase and delivery of goods, and cannot be classified as services.

23 As a result, PCLI opposes the proposed treatment of its Claim, and submits  
24 that it is entitled to a Section 503(b)(9) claim in the revised amount of \$11,427.89.

## 25 **III. RESERVATION OF RIGHTS**

26 PCLI continues to review its invoices and invoice processing system used by  
27 the Debtors, and reserves the right to further respond to the Objection, and further  
28

1 reserves its right to submit proofs of claim for any other unpaid invoices submitted  
2 to the Debtors.

3 **IV. NOTICE**

4 Notice of this Response will be provided to (i) counsel to the Debtors; (ii)  
5 the Office of the United States Trustee for Region 17 (Attn: Andrew R. Vara, Esq.  
6 and Timothy Laffredi, Esq.); (iii) counsel to the Creditors Committee; (iv) counsel  
7 to the Tort Claimants Committee; (v) Counsel to the Engineers and Scientists of  
8 California Local 20; (vi) the Securities and Exchange Commission; (vii) the  
9 Internal Revenue Service; (viii) the Office of the California Attorney General; (ix)  
10 the California Public Utilities Commission; (x) the Nuclear Regulatory  
11 Commission; (xi) the Federal Energy Regulatory Commission; (xii) the Office of  
12 the United States Attorney for the Northern District of California; and (xiii)  
13 counsel for the agent under the Debtors' debtor in possession financing facility.

14 WHEREFORE, PCLI respectfully requests that this Court deny the relief  
15 sought by the Debtors, award PCLI an allowed Section 503(b)(9) claim in the  
16 amount of \$11,427.89, and for such other and further relief to which it may be  
17 entitled.

18 Dated: July 30, 2019

CLARK HILL LLP

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20  
21 By: /s/ Timothy M. Flaherty  
Timothy M. Flaherty  
Andrew G. Edson

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23 Attorneys for  
PETRO-CANADA AMERICA  
24 LUBRICANTS, INC.  
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